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ZNY CCCCC ZZH

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FM AMEMBASSY BRATISLAVA

TO RUEHC/SECSTATE WASHDC PRIORITY 0440

INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 05 BRATISLAVA 000890

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E.O. 12958: DECL: 11/02/2016

TAGS: [PGOV](#) [PREL](#) [ECON](#) [KJUS](#) [SOCI](#) [PINR](#) [LO](#)

SUBJECT: COALITION DYNAMICS IN SLOVAKIA

REF: A. BRATISLAVA 839

[B.](#) BRATISLAVA 879

[C.](#) BRATISLAVA 838

[D.](#) BRATISLAVA 594

[E.](#) BRATISLAVA 842

[F.](#) BRATISLAVA 666

[G.](#) BRATISLAVA 830

Classified By: Ambassador Rodolphe M. Vallee for reasons 1.4 (b) and (d).
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SUMMARY

[11. \(C\)](#) After four months in office, Prime Minister Robert Fico of the Smer party has demonstrated his strong, personalized control the government. Embassy Bratislava provides its analysis and lessons learned so far:

-- Fico makes the final decisions in all matters of importance; his increasing domestic popularity strengthens this role.

-- The Slovak government has become more inwardly-focused and nationalistic than during the eight years of the previous coalition.

-- Coalition partners SNS and HZDS have little impact on policy with the exception of some pocketbook issues where Fico thinks he can buy their concurrence with his policies.

-- Concessions to coalition partners have been made in the judicial sector, in the distribution of funds, and appointments to GOS positions.

-- Many Smer government officials have little or no experience in decision-making or government administration; this lack of experience leads to a lack of confidence and a reluctance to meet with outsiders (including us).

-- Less accessibility of mid-level government officials means less predictability.

-- The government's non-consultative style causes difficulties for domestic and international partners.

-- An argument based on international acceptance will not hold much sway with the current government, which is obsessed with domestic popularity ratings and has seen them rise with the debate about acceptance.

-- Fico generally will not take steps that would endanger foreign investment.

-- The current government coalition could last all four years, if only because SNS and Meciar have few other options.

-- KDH is the wildcard; if it recovers from its internal split in the next year or two, it could either replace HZDS in the existing coalition or, if Fico's popularity dips, join an SDKU-SMK-KDH-HZDS coalition.

-- Meciar remains the most unpredictable on day-to-day policy, with his main concern his personal protection against legal problems.

FICO IS IN CHARGE

¶2. (C) At the end of four months in office, Prime Minister and Smer party Chairman Robert Fico is solidly in charge of both the government and his party. Fico consults nominally with coalition partners Jan Slota of the Slovak National Party (SNS) and Vladimir Meciar of the Movement for a Democratic Slovakia (HZDS), but they have little impact on policy. Both junior partners accepted fewer ministries than they proportionally had a claim to and both Chairmen agreed not to take cabinet positions in return for their parties joining the governing coalition.

¶3. (C) Fico has a mixed record in implementing his campaign promises. He is, for example, pulling most Slovak troops out of Iraq and canceling co-payments for doctor visits and prescriptions. But his election rhetoric on economic issues has been greatly moderated (ref A); for example, he has not eliminated the flat tax rate. The lack of changes to the economic sector has been a relief to foreign investors and overlooked by domestic voters.

¶4. (C) The Prime Minister's popularity continues to grow in Slovakia despite, and perhaps partially because of, the censure that Slovakia and Smer are receiving internationally, primarily for including SNS in government. Strangely, Fico is seen by some as the protection against SNS and HZDS, despite the fact that he is the one that brought them into the government, and he has become the "victim" of their antics. In October, opinion polls showed that over 45 percent of the population supports Fico compared to the 29 percent of the vote his party received on election day in June. Most

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observers foresee the current coalition completing its four year term - some predict even eight years. The many non-party member ministers are expendable and can be easily fired as scapegoats to keep popularity ratings high. And of course there is the issue of whether Fico is physically capable of sustaining such a workload (see ref B regarding his recent health problems).

¶5. (C) The drawback to Fico's one-man governing style is that he is so busy micromanaging that he is said to be inaccessible, even to his closest party confidants. According to the Vice Chairman of HZDS, Milan Urbani, even the Smer Minister of the Interior, Robert Kalinak, says that Fico is unavailable for party members. Urbani added that Smer's 50 MPs are dissatisfied with their lack of interaction with Fico. Smer "sponsors" - many of whom are former HZDS members with whom Urbani has connections - are also upset. Urbani told PolChief that Fico and Vladimir Poor have argued and that Juraj Siroky, whom Fico listens to the most, is unhappy that Fico has not followed his advice on several occasions.

COALITION INTERPLAY

¶6. (C) Smer: With increasing popularity, Smer is sitting in what should be a comfortable position domestically. However, since Smer has never been in government before, and SNS and HZDS have been out of government for almost a decade, most of the current government officials have little experience in running a ministry or being in charge. One Smer appointee at the MFA, for example, asked the DCM for advice on dealing with another part of the Slovak bureaucracy. Those with political experience are more accustomed to being in the opposition - and blaming problems on others rather than taking a statesmanlike approach. This lack of experience feeds into a lack of confidence. Mid-level government officials are often inaccessible and sometimes defensive. Fico, in particular, has reacted in an angrily

defensive-aggressive manner to several political challenges, for example saying that former Agriculture Minister Zsolt Simon, a member of the Party of the Hungarian Coalition (SMK) should be charged with abuse of public authority after Simon questioned the ethics of Agriculture State Secretary Zahumensky, a Smer appointee whose private business is receiving millions in agricultural subsidies. On October 27, Fico accused SMK of using "dirty tricks" against the governing coalition from morning till night. Zahumensky later resigned, leaving Fico looking rather foolish for his rant against SMK's "swine-like" behavior. In response to the Party of European Socialists (PES) suspending Smer's membership (ref C), Fico claimed that the suspension was a result of his party standing up to monopolies, implementing policy for the people, and choosing not to include SMK as a governing partner. SMK has become a common target for Fico and other government officials, though SDKU is the larger political rival.

¶ 17. (C) Slovak National Party (SNS): SNS has turned into a compliant coalition partner for Smer. According to some coalition insiders, Jan Slota plays his political cards as a businessman rather than a politician - seeking positions in government for his party members to control resources more than policy. He stays quiet in public so long as he gets his way behind closed doors, but speaks to the press (and often makes statements which embarrass Fico) when he is unhappy. SNS makes no policy demands on Smer. Even after a re-organization of the flow of euro-funds which caused SNS to lose the authority for one billion euros, the party still has five billion euros worth of funds for distribution in the three ministries it controls. Meciar's camp believes that Fico and Slota hold decision-making meetings mano-a-mano without Meciar, which incenses Meciar but, if true, shows Slota's greater pliability as a coalition partner. Despite this supposed closeness, the coalition is showing signs of a lack of discipline. Parliament has repeatedly failed to approve SNS's candidate to head the Institute of the Memory of the Nation. As for Fico lashing out against SMK, we believe that this sentiment comes from his own nationalistic side rather than being the influence of SNS.

¶ 18. (C) Movement for a Democratic Slovakia (HZDS): Though part of the coalition, HZDS is considered by Smer to be an unstable partner and Meciar is reportedly unhappy in his current role. Meciar, who has ambitions to become President, does not feel he is getting the respect he deserves. The Vice Chairman of HZDS recently complained that Fico refused

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the HZDS request for a coalition council meeting before all government and parliamentary sessions. Meciar and HZDS have been taking positions which irk Fico, such as publicly supporting the two percent tax designation for NGOs and charitable organizations (see below), while not endangering their position as a coalition partner. Some believe Meciar's "dissatisfaction" is simply acting out one of his personality traits: the need to show every now and again that he "has broad shoulders," i.e., is a force to be reckoned with. Meciar has reportedly sent feelers to Mikulas Dzurinda of SDKU about creating a new coalition, but this could not be accomplished without KDH.

¶ 19. (C) Despite Meciar's dissatisfaction, HZDS's membership is increasing because of its place in the governing coalition. Though its ministries lack significant funds to distribute, HZDS does have job positions to hand out. HZDS claims to be bringing in new, younger members to the party, most likely due to the distribution of jobs.

THE OPPOSITION

¶ 10. (C) Christian Democratic Movement (KDH): Rumors from several sources have hinted that Smer would like to keep open

the option to replace HZDS with KDH. However, KDH remains internally divided (ref D). Until KDH gets its own house in order, it is unlikely to become a coalition partner either for Smer or for SDKU in a three-plus-one scenario. For the time being, party founder Jan Carnogursky has rejoined the KDH presidium and the party pragmatists appear to outnumber the principled faction led by Vladimir Palko and Daniel Lipsic. Though Carnogursky entered the presidium by a narrow margin, he has not remained on the sidelines, telling the media, for example, that KDH should reassess its opinion of Meciar while at the same time not ruling out sitting in a government with SNS. If and when KDH gets its act together, it could theoretically join a Smer-led or an SDKU-led coalition. The KDH party congress should be held next summer and may determine the future direction of the party. In the meantime, one local commentator has noted that KDH and HZDS have a similar base of supporters - conservative, rural Catholics - and that HZDS may be taking KDH supporters since one is in power and the other isn't.

¶11. (C) Social Democratic and Christian Union (SDKU): Leaders of SDKU are keeping a low profile for the time being. While Dzurinda, Ivan Miklos, and Eduard Kukan make the occasional public statement criticizing the governing coalition, they have apparently decided not to waste their energy while Fico is at his most popular. Conventional wisdom says that SDKU will wait for Fico to trip over his own mistakes before making a concerted effort to regain control of the government. Dzurinda publicly supported Carnogursky's statement on Meciar, likely an attempt to lay the foundation for an SDKU-SMK-KDH-HZDS coalition. Barring a KDH acceptance of Meciar, SDKU may be hoping to absorb the slightly liberal and/or pragmatic KDH supporters.

¶12. (C) Party of the Hungarian Coalition (SMK): Having expected to be part of the governing coalition no matter which of the larger parties received the most votes, SMK is still licking its wounds in the opposition. According to SMK Vice Chairman Pal Csaky, SMK was truly shocked when Fico announced that SNS would be in the government. Now, the party is sulking. Their people are being replaced in national and regional governmental bodies, which spurs dissatisfaction among party ranks. While by the end of the previous government, SMK was developing responsible national policies, e.g., in agriculture and environment, the party is returning to an ethnic focus. Despite the current sniping back-and-forth with Smer, if Fico wanted to replace SNS with SMK in the coalition, SMK would accept. However, other coalition adjustments are more likely than this scenario.

IMPACT OF THE COALITION

¶13. (C) Foreign policy: One difference between the current coalition and the Dzurinda government is the GOS's lack of consultation with appropriate partners in the international sector. Though the withdrawal of Slovak troops from Iraq was not a total surprise, the method of informing us was less consultative than promised (ref E). While Fico claims to care what EU partners think, his primary concern and the basis for his political decisions is domestic policy and

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power. Cross-border retorts with Hungarian counterparts are aimed at domestic audiences. Retaining more individual power by having compliant coalition partners means more to Fico than the PES suspending Smer's membership.

¶14. (C) Nor is Fico always in synch with his foreign policy experts at the MFA. The best example of this was the visit of Serbian PM Kostunica, who took advantage of Fico straying from his MFA's talking points to postulate that Slovakia does not believe that Kosovo should become independent. The GOS wants to deepen its EU membership by entering the eurozone and Schengen treaty as soon as possible, yet the Government

Program Plan notes an intention to "activate" a relationship with Russia (ref F). Smer party members have told us they will follow EU mainstream on Cuba and Belarus. Fico is savvy enough not to endanger foreign investment, but his foreign policy is based on his popularity ranking rather than values.

As part of Fico's efforts to "commercialize" foreign policy, i.e., give Slovak business interests a major priority, it appears that Fico hopes to re-invigorate the weapons industry. Former arms traders now occupy positions in several government agencies, and deserve our close attention.

¶15. (C) Economic policy: Foreign investors have been pleasantly surprised by the softening of Fico's election promises in the economic sphere (ref A). The flat tax will remain mostly unaltered and Slovakia will still aim to enter the eurozone in 2009. However, doubts remain about Fico's commitment to fiscal prudence if it conflicts with accomplishing his pre-election promises in the social sector.

A public debate about the extent of energy regulation has broken out between Finance Minister Pociatek and Economy Minister Jahnatek, indicating internal schisms. An additional area to watch is labor policy, as drastic changes could make Slovakia less attractive to investors. Given the political turmoil and unsteadiness in neighboring V-4 countries, Slovakia remains a good investment option in central Europe.

¶16. (C) Judicial sector: To the extent that Fico has made concessions to HZDS, the judicial sector has felt the impact most of all. Justice Minister Stefan Harabin proposed the closing of the Special Court for anti-corruption, dismissed regional court chiefs who disagreed with him, forced a vote on the issue by the Judicial Council without providing detailed information (ref G), and began to work on a new penal code. (The last new penal code was the result of many year's work and took effect in January 2006.) Harabin has since been nominated to the Constitutional Court by HZDS as a "golden parachute". If Harabin moves to the Constitutional bench, HZDS will retain the right to appoint a replacement Justice Minister. HZDS officials have said they are looking for a female candidate, though they haven't yet floated any names. At any rate, the next Justice Minister would probably not be as controversial as Harabin.

¶17. (C) Civil society: In a clear example of the new government's non-consultative style, when the government presented its budget plan, it included a provision to end the ability of businesses to designate two percent of their tax payments to go towards an NGO or charity of their choice. (Individuals would still have this option.) Upon questioning, the government said that this tax designation was subject to considerable fraud and abuse. Rather than consulting with the third sector to improve the designation rules, the government simply announced its cancellation. Opinions vary whether this was purely a financial move or whether there was some intention to weaken NGOs. In the backlash against the announcement, the NGO sector united to lobby the government to keep the two percent designation. HZDS came out in support of the NGO position, surprising many since many NGOs originated during Meciar's prime ministership in large part to remove him from office. Parliament is supposed to decide the issue in early December.

¶18. (C) Transparency and the media: In addition to the Embassy having less access to government officials, the new coalition is less transparent overall. For example, parliamentary sessions will no longer be broadcast live. However, as with the two percent tax designation, it's difficult to tell if there is a darker purpose behind this move or if it is merely financial, given that parliamentary broadcasts do not have a high viewership. The government is attempting to exert more control over state-owned but quasi-independent media outlets, such as Slovak Television and Slovak Radio, by changing the rules of their boards to replace directors more easily.

COMMENT

¶119. (C) While part of the new government's inaccessibility may be attributed to a necessary learning curve to overcome its inexperience, it is also symbolic of Smer's non-consultative style. With Fico enjoying record high popularity, there's no impetus for the government to change its mode of operation, and it is hard for us to predict GOS moves. With such a strong hand, Fico should be able to maintain his position as ultimate decision-maker for the full length of the election cycle. Outside of the economic sphere, Fico has generally kept his campaign promises. It should be expected that when he makes a public decision (e.g., pulling troops from Iraq), he will stick to it.

VALLEE